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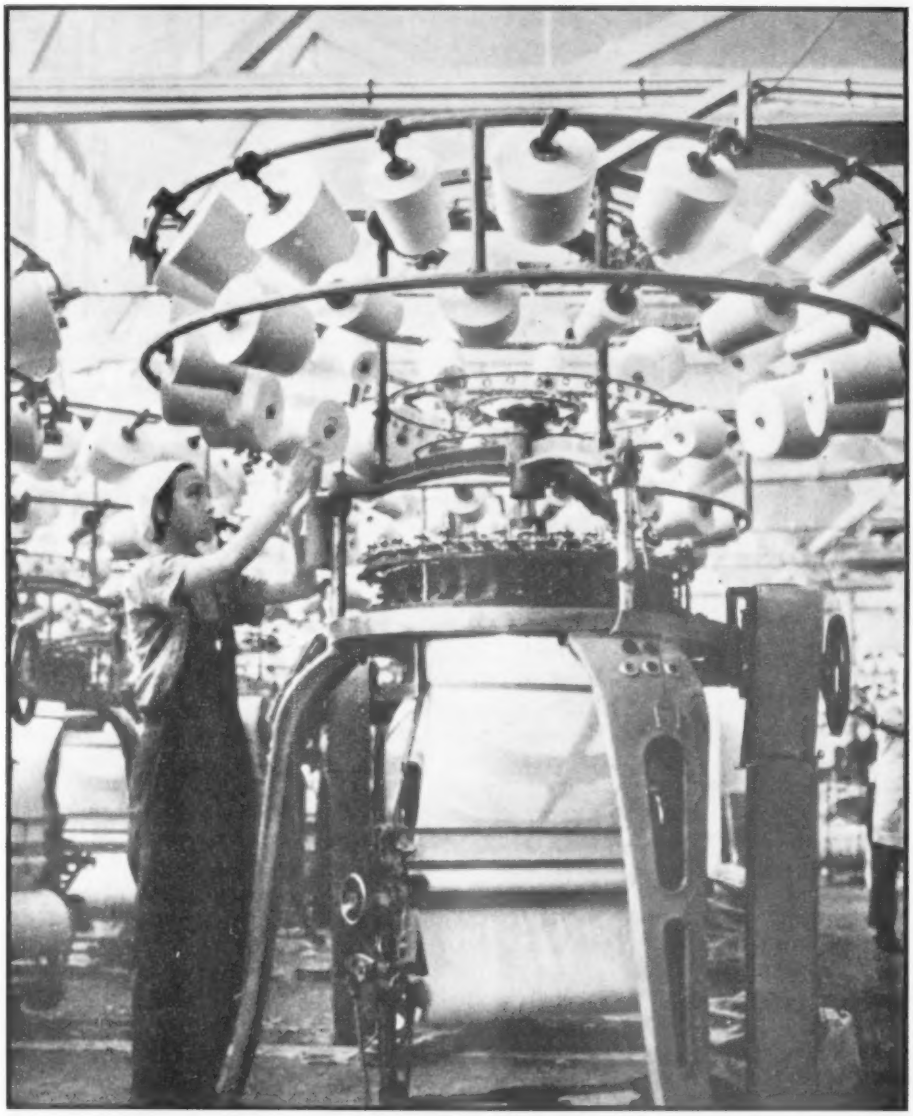

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China May Soon Become a $1-Billion U.S. Farm Market

While debate continues over China's potential as a market for industrial products, solid results already are being recorded in U.S. farm sales there. So far this year, the United States has sold more than $500 million worth of agricultural products to China, and that total could rise to $1 billion before year's end. This is the first of two articles on the Chinese farm market. The second, on doing business with China, will appear in the March 19 issue.

Will China be the next country to become a $1-billion market for U.S. farm products?

That question would have been absurd 3 years ago, when U.S. agricultural sales to China had all but ceased. During calendar 1979, however, U.S. farm exports to China appear likely to hit at least $800 million, and the final total could reach $1 billion.

Given China's history as an erratic market for farm products, caution is in order regarding its import potential, especially since Chinese crop production appears to be recovering from the drought-induced setbacks of 1977 and 1978.

Additionally, the country has been the target of aggressive sales efforts by other countries. These competitors include Australia, Canada, and Argentina—with their strong and long-standing positions in the Chinese grain market—and the European Community—with its surplus of wheat for sale at subsidized prices.

On the other hand, China's role must now be viewed in a new light that reflects the dramatic changes made recently both in Chinese-U.S. relations and China's economic priorities.

President Carter's December 15, 1978, announcement that the two countries would re-establish diplomatic relations heralded a new era of cooperation, underlined most dramatically by the recent visit of China's Vice Premier Deng Xiaoping (Teng Hsiao-ping) to the United States. (While in Washington, D.C., Vice Premier Deng and President Carter signed an Agreement on Cooperation in Science and Technology, with an accompanying letter regarding agricultural cooperation.)

These new ties will be further cemented as the normalization process continues and some of the lingering obstacles to trade are overcome. And they should enhance U.S. chances of becoming a large and regular supplier of Chinese agricultural imports.

Currently, China is not eligible for Export-Import Bank credit, nor does it receive Most-Favored-Nation treatment on its exports to the United States. Other problems such as commercial representation and patent protection also must be resolved before trade normalization is complete.

As a precursor to negotiating a trade agreement that would take up these issues, outstanding financial claims by both the United States and China must be settled.

Progress toward this end is being made, however. During his recent visit to China, U.S. Treasury Secretary W. Michael Blumenthal negotiated a package whereby China will pay about $80.5 million to settle U.S. claims of $196.8 million. In turn, the U.S. Government on October 1, 1979, will unblock $80.5 million of Chinese assets frozen during the Korean War.

While in China, Blumenthal also announced that he expected a trade agreement would be drawn up in the next few months.

China already is eligible for credit under USDA's Commodity Credit Corporation Export Credit Sales Program (CCC credit or GSM-5) to finance imports of certain U.S. farm products on credit terms from 6 months to 3 years. This eligibility is provided for in the Agricultural Trade Act of 1978.

The Chinese, however, have not requested CCC credit assistance. And as yet there are no provisions in the U.S. budget for CCC credit to the Chinese.

The other component of China's new look is its decision to push toward becoming a major economic power. Not only is the country seeking industrial expansion, but it also appears determined to modernize agriculture. This will require building up infrastructure—reportedly still so limited that China can import grains more easily for cities in the north than it can ship grain from one part of the country to the other.

Obviously, if it is to achieve rapid economic modernization, China must import the needed technology, plants, equipment, and other products.

In the agricultural area, the Chinese already have come up with an extensive shopping list of agribusiness products and equipment they want to import. Agricultural trade also will grow as changing emphasis provides a shot in the arm for imports of feedgrains, cotton, and other raw materials.

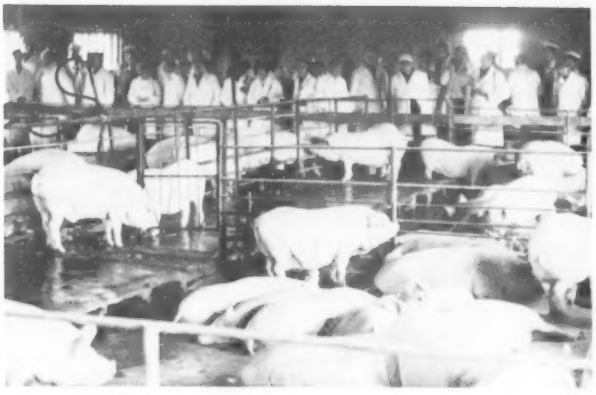
Up until now, China has been a significant—although widely fluctuating—importer of agricultural products. But this trade has never come close to the potential indicated by China's immense population of between 900 million and 1 billion people.

By stressing agricultural self-sufficiency—and a balanced account versus long-term credit—China managed to keep agricultural imports near the lowest possible levels.

Export earnings from rice, silk, certain animal products, soybeans (up until the mid-1970's), and a host of other products offset outlays for imports of grains, cotton, sugar, and other necessities. Agricultural products during 1971-76 thus accounted for only 25 percent of the country's total imports while making up almost 50 percent of its exports.

As long as crop production continued to reach new records each year—which it did rather consistently prior to 1977—such a policy worked. But in years such as 1977—when drought reduced food grain and oilseed crops—the country had to import large quantities of grain to feed a population that

By Beverly Horsley, Associate Editor, *Foreign Agriculture*.



Clockwise from far left: A Chinese worker in a cotton yarn mill near Shanghai; vegetable fields in South China; and an agricultural delegation from the United States inspecting a hog production unit on commune in Northeast China. The Chinese are stepping up grain feeding of hogs as part of their program to modernize agriculture.

still may be expanding by about 15 million people each year.

Problems of distribution and procurement accentuated this dependence on imports.

Thus, by 1977, the limitations of China's economic policies were becoming apparent.

The country certainly had come a long way since the "Great Leap Forward" of 1958, with its ensuing political upheavals and agricultural dislocations. By ingenious use of manual labor, multiple cropping, water conservancy, and certain—albeit limited—inputs such as organic fertilizer, it had achieved successive production gains: By 1978, Chinese foodgrain production had risen some 43 percent above that in 1958 and had nearly doubled the low level of 1960.

However, chances for further rapid expansion in agriculture appeared likely to diminish without some infusion of modern technology. Additional land available for cultivation was becoming scarce, while expansion in yields began to hinge on increased use of inputs, such as chemical fertilizer, improved seed, and irrigation.

Related to this was Chinese interest in further improving the national diet, which like that of many other developing countries is still low in calories and animal protein.

Estimates by the U.N. Food and Agriculture Organization (FAO) indicate that average caloric intake in China during 1974-78 was at the minimum recommended level of 2,250 per capita. This is better than in most developing countries but far below the average of 3,340 calories for people in developed nations.

Distribution of food also appears to be better in China than in most developing countries, with malnutrition virtually nonexistent.

However, grains still provide close to 80 percent of the average caloric intake. Fish and poultry meat are said to be in chronic short supply. Eggs are rationed. Beef is scarce. And hogs traditionally have been valued as much for their manure production as for their meat.

These shortages have been perpetuated by the rudimentary nature of livestock production in China. Heretofore, livestock has been raised primarily as a sideline to regular communal activities and fed largely sweetpotatoes, vines, vegetable and grain wastes or other readily available feedstuff. Grain feeding of poultry and hogs apparently has been undertaken on some communes, but so far to a limited extent.

Grain Imports Expanding

If it is to alleviate these protein shortages, China must import more grain and protein feeds to support expansion of its livestock industry. Indications are that it already has moved in this direction, as witnessed by the recent growth in imports of feedgrains.

For instance:

• U.S. corn shipments to China began in late October 1978 and by the year's end had reached

USDA/Cooperator Team Heads for China

Officials from the U.S. Department of Agriculture and seven private groups that cooperate with USDA in foreign market development are en route to China to explore ways of increasing agricultural trade.

Their March 15-26 visit is expected to set the stage for technical seminars, demonstrations, and other such programs that helped develop U.S. farm markets elsewhere.

The team is headed by Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs. Other team members include Thomas R. Hughes, Administrator of the Foreign Agricultural Service (FAS), and representatives from the following cooperator groups: The U.S. Feed Grains Council (USFGC), National Renderers' Association (NRA), American Soybean Association (ASA), Western Wheat Associates (WWA), the American Seed Trade Association (ASTA), livestock exporters, and California fruit growers.

Team members are scheduled to meet with representatives from the various Chinese Ministries to determine plans and interests of those Ministries and describe cooperators' programs. These general meetings will be followed by in-depth sessions between individual cooperator representatives and various Chinese Ministries.

USFGC, NRA, and ASA will focus on Chinese plans for expanding livestock feed manufacturing and on proposed demonstration units and training programs for technicians involved.

WWA will be looking at China's proposals for expanding baking facilities and will be prepared to discuss model baking facilities and training of bakers and millers.

ASTA is interested in pursuing a program of cooperation with the National China Seed Corporation.

The California-fruit-grower representative will follow up on Chinese interest in fruit and vegetable processing and marketing, and the livestock industry repsentative, on Chinese plans for improving livestock breeding stock.

The opportunities for cooperative projects appear to be sizable, especially in the livestock-production area. Chinese officials in the Ministry of Agriculture and Forestry are planning to expand pork, egg, and broiler production around the major cities. Perhaps 200 million people live in the cities.

Already, Guangzhou (Canton) reportedly has contracted for a broiler/egg unit of 1 million birds; Guangzhou and Shanghai both have imported U.S. breeding swine.

There are, of course, many unanswered questions. So far, there has been little information on the relative priority for livestock development in the total scheme of agricultural modernization. Unknowns also surround transportation, present state-of-the-art in feed manufacturing, capacity of plants now in operation, and size of operations planned. □

more than 1 million tons. Another 2 million tons of U.S. corn are in the pipeline for shipment during 1979.

- Argentina has agreed to supply some feedgrains between 1979 and 1981.
- Australia recently sold 100,000 tons of barley to China—the first Chinese purchase of barley since 1961.

These large feedgrain imports—together with continuing growth in demand for wheat—are pushing China's grain imports toward a higher plateau than in the past.

Most sources are saying that grain imports will total at least 10-12 million tons annually during the next few years, while others indicate that the volume will tend to grow. U.S. grain is likely to account for at least half of the total. Thus, Chinese future imports from the United States alone could be above the 5.3-million-ton average recorded for total Chinese grain imports during calendar years 1973-77.

Grain imports then ranged from a high of 7.6 million tons in 1973 to a low of 2.1 million in 1976, with the latter figure reflecting China's attempts in the mid-1970's to reduce its trade deficit. Following the 1977 drought, 1978 imports zoomed to a record 9.5 million tons, including 3.3 million of U.S. wheat and corn.

For the 1978/79 marketing year (July-June), grain imports are seen rising to about 13 million tons—9 million of wheat and 4 million of corn. They come largely from the United States, Australia, Canada, and Argentina.

As of February 9, Chinese wheat purchases from the United States for 1978/79 (June-May) stood at 3.0 million tons, and 1.4 million tons already had been purchased for delivery during 1979/80.

This is in addition to the 3 million tons of U.S. corn scheduled to be shipped to China during 1978/79 (October-September).

Trade in soybeans and soybean products likewise could be affected by China's interest in modern feeding practices—as well as by its continuing shortage in vegetable oil. However, Chinese use of soybean meal in feed has been limited so far, in part by a lack of crushing and processing facilities.

Once the No. 2 exporter of soybeans next to the United States, China already has come to depend on soybean imports. In 1977, it departed from its traditional export role to import a record 364,000 tons of soybeans following reduced domestic oilseed crops in 1976/77.

In 1978, the country again imported soybeans—some 110,000 tons—while exporting about the same amount. And imports are continuing in 1979.

These purchases included 47,000 tons from the United States during 1977 and 57,000 in 1978. So far in 1979, the United States has shipped 68,000 tons of soybeans to China.

In the future, such imports should increase as demand for oil and meal rises. But the country also appears intent on boosting exports of food-type soybeans, especially to Japan, and last year reportedly achieved a milllion-ton increase in soybean output.

Chinese purchases of soybean oil—a major import in the past few years—continued through 1978, although at a lower level than in 1977.

The 1978 imports are estimated at about 120,000 tons, with 44,000 supplied by the United States.

Clockwise from top left: Manual and mechanical labor go hand in hand on a rice paddy of this commune in Luncuan County; a dairy maid feeds her charges on a commune in Northeast China; bringing in the catch on a communal fish farm; and harvesting tea on the famous Dragon Well Tea Commune.

So far, soybean oil purchases for delivery in 1979 have included 20,000 tons of U.S.-origin product and another 60,000 tons of optional-origin oil. Total imports for the year are expected to remain near the 1978 level.

The United States also has made headway in other agricultural trade areas—ranging from exports of tallow, to the first shipment ever of breeding swine to China.

Competition Remains Keen

Despite the United States recent strong showing in agricultural exports to China, competition from other sources remains keen. And in some ways, it has intensified since 1978.

Then, a reduced soybean harvest in Brazil, smaller wheat crops in Australia and Argentina, and transportation problems in Canada combined to create unusually good marketing opportunities for U.S. grain and soybeans.

This year, exportable supplies of grain and soybeans are up worldwide. For instance:

- Australia just harvested a record wheat crop estimated at 17.6 million tons, following its unusually short outturn last season of 9.3 million tons.
- Canada's 1978 wheat harvest rose by nearly 1.2 million tons from the previous year's level.
- The European Community brought in a record 1978 wheat crop—about 47 million tons—and is using large export subsidies to move that wheat to new markets, including China.
- Argentina's 1978/79 wheat crop is estimated some 2 million tons above the reduced 1977/78 crop, and the country also has begun an aggressive export sales program.

Unlike the United States, most of these countries have trade agreements that guarantee them markets in China during the next few years.

The Australian Wheat Board, for instance, just negotiated its second long-term agreement with China. This agreement calls for 7.5 million tons of wheat to be delivered during 1979-81. The first contract under the agreement—2.5 million tons to be shipped this year—was signed in Beijing (Peking) in mid-January. (Another 500,000 tons are being supplied outside the agreement.) Presumably, 2.5 million tons also will be shipped in each of the next 2 years.

Argentina has agreed to ship China 3 million tons of wheat and corn during 1979-81.

Canada last month signed an agreement to ship 8.4-10.5 million tons of wheat to China over a 3-year period beginning August 1, 1979. This is the largest wheat agreement to date between the two countries.

(The same team that negotiated the agreement with Canada has been meeting with other major grain-exporting countries—Argentina, the United States, and Australia. Its talks with U.S. officials began March 9.)

And the European Community has a general trade agreement with China that came into force June 1, 1978. Through 1978, the EC had not gained a substantial foothold in the Chinese market, but it appears to be moving aggressively to change that situation. The EC Commission, for instance, has established a separate tender system for wheat sales to China and pegged the export subsidy on such sales at 80 units of account (about $131) per ton, compared with 75 u.a. for sales to other destinations. Reports indicate that EC exporters already have sold some wheat to China.

Another important unknown is China's ability to finance rapid import expansion. Its agricultural exports, although still sizable, have lagged in the past few years as a result of crop setbacks. Cotton textile exports appear to have flourished so far, but there are obvious limitations to that trade. And the country's seemingly large potential in certain industrial areas, such as petroleum production and exports, will not be realized for several years to come.

Thus, it is evident that the country will have to incur extensive hard-currency debt to finance the industrial imports now being contemplated. Some sources see this debt rising to $30 billion or more by 1985 from $1 billion in 1978.

Whether the Chinese will eschew their traditional aversion to indebtedness to seek agricultural import financing is a question that has not yet been answered.

Of course, agricultural products comprise a special situation. As long as China's population continues to grow—however slowly—demand for food and agricultural products will rise. And should incomes start advancing from their still-low levels there could be a virtual explosion of demand for higher quality products, such as meat, eggs, and perhaps even convenience foods. □

Chinese Farm Output Recovers From 1977 Setback

The Chinese have announced that the country's 1978 total grain production (including soybeans) amounted to roughly 295 million tons, a 10-million-ton increase over 1977 production. This is a new record and the first time in several years that a national grain figure has been released through official media.

The report also announced increases in output of cotton, oil-bearing crops, sugarcane and sugarbeets, jute, silkworm cocoons, tea, and cured tobacco, as well as in hog numbers. However, the gains in most crops were reportedly small, and State plans were not met in a number of cases.

The increase in grain production (including an estimated 1-million-ton gain in soybeans) was the largest since 1974. But it failed to reach the Government target of at least a 15-million-ton increase.

The national report also indicated that 21 provinces boosted production over 1977's, with 13 of these equaling or surpassing previous records for grain production. Lower production was reported for eight provinces.

China's reporting of grain production leaves a number of unanswered questions, however. The national figure of "roughly 295 million tons" is an approximation and appears likely to involve some degree of upward rounding. The U.S. Department of Agriculture has held to its 1978 estimate of Chinese production of 290 million tons pending a review of both total grain and component grain series for the past several years.

Earlier reports also claimed increases of 5 million tons in the summer harvest, primarily overwintering grains, and 10 million tons in the early harvest of summer grains and early rice.

Taken at face value, and given an estimated 1-million-ton increase in fall-harvested soybeans, these imply that the late harvest of intermediate and late rice, miscellaneous grains, and tubers was 1 million tons below the 1977 level. This seems unlikely, as does the 10-million-ton increase reported for the early harvest.

The summer harvest was up only 5 million tons, and early rice production could have been, on the basis of an analysis of provincial reports, no more than 2 million tons above the 1977 level.

China's success in agriculture last year was in part due to the increased use of inputs, particularly chemical fertilizer—up 10 million tons from the 1977 level.

So far, little new information has been released on condition of the fall-sown overwintering crops, especially winter wheat. However, some indications point to an increased area. Dry conditions were reduced somewhat by rain and snow in late February, but still are a source of concern. This year's early harvest of winter-sown crops and early rice will be unusually dependent on favorable spring rainfall.—*Centrally Planned Countries Program Area, Foreign Demand and Competition Division, ESCS.*

Preliminary USDA Estimates of China's 1978 Production of Major Crops

[In million metric tons]

Item	1977	1978
Grain:		
Rice	126.5	127.5
Wheat	40.5	44.0
Coarse grains	68.4	70.5
Corn	34.4	36.0
Other miscellaneous grains	8.1	9.0
Tubers	26.5	28.0
Soybeans	9.5	10.5
Total grain	279.5	289.5
Cotton	2.0	2.1
Rapeseed	1.0	1.5

Syria Ups Food Imports, Despite Good Harvests

Syria's generally good agricultural performance of recent years is still falling short of meeting some of the country's key food needs, including wheat flour, corn, rice, sugar, dairy products, and fresh fruit, according to Shackford Pitcher, U.S. Agricultural Attaché in Damascus.

Food imports, as a result, are steadily increasing. In 1978, they were 15 percent above 1977's $333-million level, and in 1979 are forecast to rise still higher.

Canada was the major supplier of agricultural products in 1977 (latest year for which data are available), with delivery of 330,000 metric tons of wheat sold on credit terms that the Syrians considered preferable to those offered under the U.S. Commodity Credit Corporation export credit program.

Wheat flour was the next most important item, with France and Italy the major suppliers.

Butter oil (samneh) was in third place, with European Community (EC) countries the major suppliers. EC restitution payments for wheat flour and butter made it possible for the sellers to quote very attractive prices.

Rice was next in importance, with the United States and Egypt the main sources of supply.

Sugar is imported in both raw and refined forms, as well as large amounts of dairy products, including powdered milk and cheese. Other important food imports are oranges, coffee, bananas, tea, and—in recent years—increasing amounts of soybean meal and feed concentrates and ingredients.

The United States in 1977 dropped back to third place as a supplier of food and agricultural products to Syria, after being in first place in 1976. The major items shipped to Syria in 1977—wheat, rice, and tobacco—were financed under P.L. 480. In 1978, total value declined somewhat because of lower prices for U.S. rice and the absence of tobacco shipments.

Syria's preference for bagged corn and soybean meal seems to limit U.S. sales opportunities for these commodities, although some U.S. corn may be reaching Syria after bagging in Lebanon or other Mediterranean locations. A 100,000-ton port elevator, now under construction at Tartous, is expected to be completed in late 1979, and will place U.S. suppliers in a better position to supply corn and other bulk grains.

The United States is a very small market for Syrian agricultural exports, but does take most of the tobacco exported. Syria's leading agricultural export is cotton, which accounted for about three-fourths of the country's farm exports in 1977 and 1978.

Lentils were next in importance during these years, with Egypt the major buyer. Syria has since prohibited exports to Egypt, which will affect new contracts and probably means the loss of the Egyptian market in 1979.

Other major Syrian exports include wool, hides and skins, tobacco leaf, and—occasionally—barley.

The anticipated upturn in the Syrian economy during 1979 will involve agriculture to a substantial degree—provided favorable weather and good growing conditions prevail. Significant economic benefits could flow from oil pipeline revenues, increased trade, and tourism.

The shortage of farm workers is expected to be an increasing problem for such labor-intensive crops as cotton and sugarbeets. Cotton area may be about 5 percent smaller in 1979 than in 1978, when total production was 387,500 tons of seed cotton.

The outlook for sugarbeets is unclear, as many farmers are refusing to grow this crop again. Little specialized sugarbeet equipment is available in the main producing areas.

Expansion of the poultry industry is expected to continue this year, particularly as large Government poultry farms begin operations. The continued profitability of broiler farms is encouraging further expansion by the private sector.

The outlook for dairying is not bright because of the lack of suitable pastures. Management problems on Government dairy farms have interfered with efficient production on existing farms, and it is unlikely that new farms will be operating any more efficiently in the immediate future.

Sheep production depends on winter range conditions and the availability of corn and other feeds during the rest of the year. Reports of high feed prices are an indication that fattening of sheep in confinement may drop off in 1979 and that a reduction in the breeding flock could take place.

Higher prices for fruits and vegetables have encouraged an expansion in production. Producers find it profitable to take better care of their orchards and vineyards as well as to increase plantings. The use of plastic greenhouses for vegetables to expand the growing seasons is generating interest, and some landowners consider greenhouse production the best investment in vegetable farming.

Large flour imports are projected for 1979, but once the new flour mills now under construction become operational, imports will drop off. In years of low wheat production, wheat imports are expected to increase.

Syria's imports of food items by the private trade are generally subject to high duties and import licensing. In 1978, the trade obtained most of its foreign exchange from unofficial sources, which occasionally impeded expansion of food imports and resulted in temporary shortages. Imports of U.S. almonds and vegetable seeds could be affected if the Government were to interfere with the present system.

State trading seems to serve as a barrier to trade with the United States, principally because the Government importing agencies set up conditions in the invitations for bids (IFB's) that many U.S. firms find difficult to meet. In some cases, IFB's are held several times before any contracting takes place. In the case of flour, the specifications are not those usually used by U.S. exporters. □

Higher Volume Pushes U.S. Farm Exports To Record Value in '78

By Sally Breedlove Byrne

In contrast to the recent pattern of high U.S. farm export values attained mainly by higher prices, the record $29.4 billion worth of U.S. agricultural commodities exported in calendar 1978 was achieved mainly by expanded volumes of key commodities. Grains and preparations accounted for about half the $5.8-billion increase over the 1977 total.

Exports of U.S. farm products in calendar 1978 reached an unprecedented $29.4 billion value the hard way—mostly by increased volume, rather than higher prices. Grains and preparations accounted for about half the $5.8-billion increase over the year-earlier total.

All major commodity groups were valued higher in 1978 than in 1977. However, higher volume was the key development during 1978's U.S. export trade in farm products. Grain export volume rose 24 percent to 94 million metric tons, and soybean export tonnage was 28 percent larger than in 1977.

The cotton export unit value averaged $1,292 per ton in 1978, down from $1,505 in 1977. The soybean unit value declined 7 percent, and unit values also were lower for oilseed products.

The export unit value for wheat averaged 11 percent over the 1977 level, and feedgrains and rice were priced higher. Price gains were recorded for most other products as well.

U.S. agricultural imports were up 10 percent in 1978 over the 1977 total to $14.8 billion. Imports of meat and meat preparations increased 19 percent in volume and 44 percent in value to $1.85 billion. Coffee imports rose 21 percent in volume, but declined 5 percent in value to $4.0 billion.

Sugar and vegetable oil import values declined sharply, but values for most other items gained markedly.

The U.S. agricultural trade surplus reached a record $14.6 billion in 1978—the fifth straight year that the surplus has exceeded $10 billion.

Wheat exports increased in 1978 as a result of production shortfalls in several regions during 1977. Significant declines in outturns were recorded in China, Latin America, North Africa, and Europe.

China's imports of U.S. wheat totaled almost 2 million tons—the first shipments since 234,000 tons in 1974.

Direct exports to Europe (excluding the USSR) rose 37 percent to 3.74 million tons.

Shipments to Latin America increased from 4 million tons to 7.36 million tons.

Shipments expanded to most other areas, but exports declined to Japan, the USSR, Egypt, Korea, and Iran.

Feedgrain exports rose 16 percent in volume in 1978. Corn exports increased 24 percent, but shipments of grain sorghum and barley declined.

Exports to the USSR—which accounted for most of the increase in feedgrain shipments—expanded from 3.6 million tons to 9.9 million tons. Soviet coarse-grain production fell 22 million tons in 1977.

Feedgrain exports to Japan increased 6 percent to 10.9 million tons. Shipments to Latin America were up 18 percent, and exports to the developing countries of eastern and southeastern Asia were up 40 percent.

Direct shipments to Western Europe declined 26 percent in volume, but direct shipments to Eastern Europe more than doubled.

U.S. soybean exports rose 4.5 million tons in 1978, and protein meal exports by 2.1 million tons. Shipments increased to all major markets—one reason being the reduced 1978 Brazilian soybean harvest (more than 2 million tons below the 1977 level). At the same time, use of protein meal for feed has been increasing rapidly.

Relative price changes also favored exports of soybeans and meal. The soybean export unit value averaged $252 per ton in 1978, down from $271 in 1977. The soybean meal unit value declined 6 percent. The export unit value of corn increased from $102 in 1977 to $105 in 1978.

Sunflowerseed is rapidly becoming an important U.S. export commodity. Shipments more than doubled in 1978 to 1.32 million tons, valued at $344 million—

Farm Export Highlights

- Record U.S. export volumes were reached in 1978 for feedgrains, soybeans, protein meal, tobacco, and vegetable oils.
- Direct exports to centrally planned countries rose from $1.7 billion to $3.1 billion.
- Exports to developing countries increased 32 percent in value, with the strongest gains in shipments to Latin America and western Asia.
- Exports to developed countries were up 12 percent, with the fastest gains to Spain, Italy, the United Kingdom, and Japan.
- Exports of wheat and its products were 41 percent above the reduced 1977 volume, although still below the 1973 record.

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volume equivalent to three-quarters of the U.S. crop.

Leading sunflowerseed markets are the Netherlands, Mexico, West Germany, Portugal, and Italy.

U.S. rice export volume declined slightly in 1978. Shipments to Iran fell 42 percent, and those to the European Community (EC) 15 percent—losses that were approximately offset by larger shipments to Indonesia, Nigeria, and Saudi Arabia.

Cotton exports expanded 33 percent in volume to the highest level since 1961. Textile industries in many countries have recovered from the slump of the mid-1970's. U.S. cotton has been competitively priced on the world market. The rise of the yen relative to the U.S. dollar has made cotton less expensive to Japanese spinners.

Cotton exports to Japan rose 29 percent in 1978 to 286,000 tons. Exports to South Korea increased to 298,000 tons. Shipments to other developing countries in eastern and southeastern Asia also were markedly higher than in 1977. Exports to China rose to 127,000 tons. Shipments to Western Europe were 7 percent higher than 1977's.

Tobacco export volume increased 11 percent in 1978 to a record high. Part of the gain was a result of the U.S. East Coast dock strike in 1977, which caused some delays in shipments.

Much of the 1978 gain was in shipments to the United Kingdom, which recovered sharply from the reduced 1977 volume. Shipments to Japan declined 24 percent. Exports to developing countries were down 4 percent, with gains to Taiwan and Thailand offset by declines to Egypt and Zaire.

Exports of fruits, nuts, and vegetables were up 19 percent by value in 1978, mainly because of higher prices for fruits and nuts.

Shipments to Canada—the market for almost a third of these exports—were up 8 percent in value. Exports were up 7 percent to the EC and 61 percent to Japan, the second largest country market.

Fresh fruit exports decreased slightly in volume for the second consecutive year. The decline was largely a result of the reduced U.S. citrus crop.

Higher prices for major items boosted U.S. exports of animals and animal products—including dairy and poultry items—to a record $3 billion in 1978.

Meat exports rose 21 percent in value. Export volume was unchanged, with a decline in pork shipments offset by gains for beef and variety meats. Beef and veal exports to Japan rose 68 percent to 33,845 tons.

Exports of animal fats dropped 9 percent in volume. Most markets—except Egypt and Mexico—took less in 1978 than in 1977.

Export volume of whole cattle hides was 2 percent larger than in 1977, while shipments of hide parts were up 85 percent, despite the decline in U.S. cattle slaughter.

Cattle hide exports were up 4 percent in volume to Japan, 3 percent to Korea, and 7 percent to Eastern Europe. Exports to the EC declined 15 percent from the 1977 level. □

U.S. Agricultural Exports: Value by Commodity, Calendar 1975-78

Commodity	1975	1976	1977	1978	1977/78 Change
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Dairy products	148	142	176	134	−24
Fats, oils, and greases	360	443	592	584	−1
Hides and skins, excl. furskins	407	518	562	685	+22
Meat and meat products	432	617	610	736	+21
Poultry and poultry products	158	263	312	341	+9
Other	187	397	414	495	+20
Total animals and products	1,692	2,380	2,666	2,915	+12
Feedgrains and products	5,283	6,024	4,907	5,903	+20
Rice	858	629	693	880	+27
Wheat and major products	5,353	4,086	2,932	4,602	+57
Other	126	136	143	149	+4
Total grains and preparations	11,620	10,875	8,675	11,534	+33
Cottonseed and soybean oil	466	368	640	766	+20
Soybeans	2,865	3,315	4,393	5,208	+19
Protein meal	672	899	953	1,300	+36
Other	449	488	641	1,073	+67
Total oilseeds and products	4,452	5,070	6,627	8,347	+26
Cotton, excluding linters	991	1,049	1,529	1,740	+14
Tobacco, unmanufactured	877	940	1,094	1,358	+24
Fruits and preparations	699	770	835	1,014	+22
Nuts and preparations	169	198	240	324	+35
Vegetables and preparations	504	674	622	676	+9
Feeds and fodders	313	449	616	603	−2
Other	567	592	699	776	+11
Total products and preparations	4,120	4,672	5,635	6,491	+15
Total	21,884	22,997	23,636	29,395	+24

U.S. Agricultural Exports: Volume by Commodity, Calendar 1975-78

Commodity	1975	1976	1977	1978	1977/78 Change
	1,000 M.T.	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*	*Percent*
Wheat and products	32,053	27,772	25,114	35,469	+41
Feedgrains and products	40,383	51,568	48,354	56,153	+16
Rice	2,138	2,106	2,181	2,171	−1
Soybeans	12,496	15,332	16,195	20,705	+28
Oilmeal	3,950	5,043	4,293	6,424	+50
Vegetable oils	858	1,028	1,346	2,054	+53
Cotton, excluding linters	874	778	1,016	1,347	+33
Tobacco	263	269	285	318	+11
Total	93,015	103,835	98,784	124,641	+26

Casablanca: Morocco's Major Wheat Port

Top: Unloading facilities at the port of Casablanca. Below: A view of the storage facilities at this, Morocco's busiest port, which handles thousands of tons of imported wheat each year. U.S. Agricultural Attaché Piason says the port's facilities surpass those of most Atlantic Coast ports in Africa.

Casablanca, Morocco's busiest port, each year handles thousands of tons of imported wheat, including large amounts from the United States.

In 1977/78, Morocco imported 1.8 million metric tons of wheat from all sources, more than one-third from the United States. In 1978/79, wheat imports are expected to exceed 1.4 million tons, and the United States will be among the major suppliers.

Most of these shipments have gone or will go through Casablanca.

Preliminary Moroccan data indicate that between January and September 1978, Moroccan wheat imports were 1.27 million tons, of which the United States accounted for 758,000 tons, or 60 percent. Preliminary figures for the last 3 months of 1978, however, show that the European Community (EC) became the main supplier in the period.

Among the ports of the world, Casablanca has equipment and facilities ranking high by any standard, surpassing those of most ports on the Atlantic coast of Africa.

In addition to the normal hoists, chutes, belts, and other cargo-handling paraphernalia found at a busy port, Casablanca has equipment capable of unloading more than a million tons of grain a year. Currently, grain is being handled at an average rate of 80,000-90,000 tons per month. The country's lesser ports of Tangier, Safi, and Agadir unload an additional 30,000-40,000 tons of grain per month.

Grain storage facilities at Casablanca consist of two vertical silos of 30,000-ton capacity and one shed-like storehouse of 10,000 tons. In addition, up to 10,000 tons of grain is sometimes piled on the quay with no covering. This grain is subject to minimal losses to rats and weather, at least during the May-October dry period.

Arrival weights at Casablanca are measured in the silos by three 2-ton scales. The wheat deposited on the quay is bagged and weighed on small, portable scales. Outbound grain is shipped both in railroad freight cars and by trucks.

Examples of the traffic moving through the port of Casablanca is the *Faustinia*, a Japanese freighter that unloaded a cargo of U.S. Hard Red Winter wheat in October and the *Mohawk*, which unloaded a shipment of P.L. 480, Title I, Hard Red Winter Wheat at about the same time.

Wheat from the *Faustinia* went into the storage warehouse for eventual bagging and/or handling through the vertical silos. The *Mohawk*'s cargo was part of four 20,000-ton shipments of Title I wheat purchased in June 1978.

A unit of the Office Interprofessionel des Céréales (ONICL) is located at Casablanca, headed by Abdelfattah Gharbi, ONICL's Regional Inspector at the port. This office—the largest of 10 such units in Morocco—oversees the arrival and distribution of cereals at Casablanca.

Casablanca also is the site for storage facilities for 400,000 tons of grain controlled by the Societe Cooperatives Agricoles Marocaines (SCAM), headed by Redouane Boujemaa, Director General. The Casablanca-based SCAM, managed by Ahmed el Harti, has a membership of about 1,450 farmers; it also has storage facilities at Settat and Ben Slimane. Ten additional storage units in other

By Frank J. Piason, U.S. Agricultural Attaché, Rabat.

provinces bring SCAM's total to 600,000 tons.

Most of the wheat loaded into these facilities is of domestic origin, although some imported wheat also is stored. These facilities, built in 1950, have had to be supplemented by open air storage under tarpaulins. Reportedly, the grain is subject to severe insect infestations.

SCAM is trying to control these infestations by applying insecticides to the stored sacks of grain.

SCAM's two functions are to help the Government in its grain storage program, which enables Morocco to maintain sizable grain stocks, and to regulate prices paid to ONICL farmers.

All cereals have support prices except soft wheat, which has one fixed price. SCAM may buy cereals other than bread wheat at free-market prices like any licensed storage company. But, unlike private companies, SCAM cooperatives are required to pay the Government support price when grain is offered by producers, regardless of market prices. SCAM bought bread wheat last summer at the support price of about $21.25 per quintal and sold it for $20.62, with a direct subsidy paid by the Government to make up for this difference plus costs for labor and other inputs. □

Bangladesh Jute Exports To Gain in 1978/79

Domestic consumption and exports of Bangladesh jute and/or jute products are expected to be greater in 1978/79 than in the past two seasons because of the bumper jute crop harvested in 1977/78.

The 1978/79 crop is estimated at slightly more than 6.5 million bales (400 lb each), compared with 5.5 million in 1977/78, an increase of nearly 19.4 percent. Although yields were down somewhat, favorable prices during the past 2 seasons prompted growers to increase jute area from 728,450 hectares in 1977/78 to 890,300 hectares in 1978/79.

The Bangladesh Jute Research Institute (BJRI) made available a new, high-yielding variety of jute for planting in 1977/78, and this may have accounted for a small part of the increase in crop size. On experimental plots, the new seed had an average yield often three times as large as that of traditional seeds.

The Institute also has developed a high-yielding jute variety suitable for planting from mid-January to mid-July, and which can be cultivated as a mixed crop with onions. This variety was grown experimentally in the 1977/78 season and also resulted in yields much better than from varieties normally grown.

The Ministry of Jute reported raw jute exports of 1.7 million bales in 1977/78, about 36 percent lower than the 2.3 million bales in 1976/77. The export target for 1977/78 was 2 million bales, but Ministry officials said it was impossible to meet because of lower production in 1976/77 and a shortage of ocean shipping space.

Exports of raw jute in 1978/79 are expected to reach 2.5 million bales.

The Bangladesh Jute Mills Corporation reports that domestic consumption of raw jute in 1977/78 totaled nearly 3.1 million bales, compared with some 2.9 million in 1976/77. Production of jute goods in 1977/78 was: Hessian, 179,479 tons; sacking, 269,712 tons; carpet backing, 77,353 tons; and miscellaneous products, 28,560 tons.

Jute goods exports have been reported by the Corporation at 530,757 tons in 1977/78. Of this total, the United States took 118,854 tons, about one-fourth of the country's total jute goods exports. In the past season, about 460,000 tons of jute goods were exported, and the United States took 106,000 tons.

Bangladesh is trying to strengthen its hold on the world jute carpeting market by reducing the gap between the country's production capacity of 133,800 square meters and the current global demand for 3.4 million square meters annually.

Financing arrangements have been approved for construction of two privately owned carpet mills. The country's 2-year plan calls for 40 jute carpet looms to go into operation by 1980, but it now appears that only 10 will go into operation by that time. Plans also call for the erection of a pilot plant to study ways of processing jutton. If these methods can be used commercially, the result would be enhanced jute goods exports and a diminution of raw jute exports. □

Based on reports by Oldrich Fejfar, U.S. Agricultural Attaché, Dacca.

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Japan To Boost Cotton Imports, U.S. May Provide One-Third

Japan's cotton spinning industry—a strong importer of U.S. cotton—is currently in a stable and profitable period, although larger cotton goods imports may erode profits in the months ahead. But the industry is expected to boost raw cotton imports to provide stocks large enough to meet demand for domestically produced cotton products, and the United States probably will provide about one-third of these imports.

The industry's favorable position is the result of recovery in cotton yarn output and a climb in yarn prices. The spinners' cartel agreement that was abandoned last June reduced production by cutting the number of spindles and helped strengthen yarn prices.

Imports of raw cotton from all sources during 1978/79 (August-July) are currently forecast at about 3.3 million bales (480 lb net). These arrivals would make the current season import total 4.5 percent higher than last year's total imports of 3,150,000 bales.

Raw cotton imports during August-October 1978 totaled nearly 750,000 bales, 70,000 bales higher than in the same period the previous year. The increase reflects stepped-up purchases by spinners last March, May, and June, when both domestic yarn prices and the yen exchange rate began to climb.

Of the imports made during August-October 1978, the United States supplied 236,000 bales, the Soviet Union 118,000, Argentina 89,000, Mexico 56,000, and Paraguay 46,000. The U.S. share of 31.5 percent, added to those of the other four top suppliers, brought the market share total of the five to a hefty 73 percent of total cotton imports. Imports from Central America —48,000 bales—were well below usual volumes.

The United States was the particular beneficiary of Japan's cotton import surge in 1978 since other exporters, including the Soviet Union, India, and Pakistan, limited exports until new crop results were known, and Brazil reduced its cotton export subsidy. Also, reports that China was buying large amounts of U.S. cotton prompted Japanese spinners to stockpile larger volumes of U.S. cotton to cover their expected needs.

Imports from the United States in 1978/79 are likely to be about 1,100,000 bales, some 33 percent of Japan's total purchases. During August 1978-January 1979 the United States supplied an estimated 480,000 bales, up 31 percent from shipments in the same period a year earlier.

Total imports during the first part of 1979 are expected to remain higher than in the same months of the previous year because of continued high domestic yarn prices, further yen appreciation, and increased stock rebuilding in anticipation of higher raw cotton prices.

Japan's raw cotton consumption in 1978/79 remains at the earlier forecast of 2,860,000 bales, compared with 2,719,000 a year earlier. Following the abandonment of the spinners' limitation agreement, strong domestic demand for cotton goods led to a recovery in yarn production.

Although the agreement resulted in a 1.7 million-spindle cut by the end of 1978, there are still sufficient spindles in operation to take care of current needs. According to the Japan Spinners Association, there were 7.87 million spindles in use in September 1978, but only 3 million were being used three shifts a day. However, the 3-million-spindle figure was still 100,000 more than had been in three-shift use in August.

The trend in the industry seems to be to use more spindles in 24-hour operations and to boost plant efficiency. □

Based on dispatch from Dudley G. Williams, U.S. Agricultural Attaché, Tokyo.

FOREIGN AGRICULTURE To Go Monthly

Foreign Agriculture will become a monthly beginning with the April issue. To be published thereafter at the first of each month, the magazine will be expanded in length and scope. Data and text will be updated until press time to insure use of the latest possible information. The final weekly issue will be that of March 19.